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盛洋投資

Gemini Investments (Holdings) Limited

盛洋投資（控股）有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 174)

**VERY SUBSTANTIAL DISPOSAL
IN RELATION TO THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED SHARE
CAPITAL OF CHANCE BRIGHT LIMITED AND ASSIGNMENT OF THE
SHAREHOLDER'S LOAN EXTENDED TO CHANCE BRIGHT LIMITED**

Financial adviser to Gemini Investments (Holdings) Limited



SOMERLEY CAPITAL LIMITED

THE AGREEMENT

The Board is pleased to announce that on 19 May 2016 (after trading hours), the Company entered into the Agreement pursuant to which the Purchaser has conditionally agreed to acquire, and the Company has conditionally agreed to sell, (i) the Sale Share, being the entire issued share capital of the Disposal Company, and (ii) the Shareholder's Loan, for a total consideration of RMB970.0 million (approximately HK\$1,156.6 million) to be satisfied in cash upon Completion.

The principal activity of the Disposal Company is its holding of a 50% interest in the SPRE Fund, which holds property projects mainly in second and third tier cities in the PRC and operates a business in the provision of upfitting and decoration services for property projects.

BACKGROUND TO, REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal Company has a 50% indirect interest in the SPRE Fund, which invests in projects in the PRC that are in development stage or distressed and special situations, and it had been the Group's expectation to share the development potential to be realised through upgrading and enhancing the quality of the underlying property projects. During the year ended 31 December 2015, the growth of the PRC economy slowed and it was a sluggish market in the real estate sector in particular. For the year 2015, the share of losses from the SPRE Fund was approximately HK\$1,012.1 million. Such share of losses wiped out a significant portion of the Group's share of net assets of the SPRE Fund, and led to the substantial widening of the Group's net loss for the year 2015.

It is against the above backdrop that the Company contemplates to dispose of its 50% indirect interest in the SPRE Fund, through the disposal of its entire equity interest in the Disposal Company and the assignment of the Shareholder's Loan extended by the Company to the Disposal Company (i.e. the Disposal), with a view to focus top management resources and monetise its remaining value of the investment for the purpose of seeking other overseas investment opportunities amid a competitive market environment.

USE OF PROCEEDS

The net proceeds from the Disposal are estimated to be approximately HK\$1,149.6 million, which the Company currently intends to use for future acquisitions or investments in existing business segments of the Group, including potential acquisitions of real estate in the US which are expected to be wholly-owned by the Group. As of the date of this announcement, the Group is exploring the acquisition of a property project in Manhattan, New York, but no definitive agreement has been entered into by the Group in relation to such property project. The Directors believe that the proceeds from the Disposal would enable these overseas investments, which are more attractive compared to the unsatisfactory performance of the Disposal Company, as discussed above.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under the Listing Rules in respect of the Disposal are more than 75%, the Disposal constitutes a very substantial disposal of the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. No Shareholder will be required to abstain from voting on the resolution(s) to be proposed at the EGM to approve the Disposal contemplated under the Agreement.

DESPATCH OF CIRCULAR

A circular containing, among other things, further particulars of the Disposal and other information as required under the Listing Rules, and the notice of EGM to consider and, if thought fit, to approve the resolution relating to the Disposal will be despatched to the Shareholders on or before 10 June 2016.

GENERAL

Completion is subject to the satisfaction of the conditions precedent in the Agreement and therefore, may or may not take place. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and other securities of the Company.

INTRODUCTION

The Board is pleased to announce that on 19 May 2016 (after trading hours), the Company entered into the Agreement pursuant to which the Purchaser has conditionally agreed to acquire, and the Company has conditionally agreed to sell, (i) the Sale Share, being the entire issued share capital of the Disposal Company, and (ii) the Shareholder's Loan, for a total consideration of RMB970.0 million (approximately HK\$1,156.6 million).

Completion will be conditional upon the fulfilment of all the conditions precedent under the Agreement.

Details of the Agreement are set out below.

THE AGREEMENT

Date: 19 May 2016 (after trading hours)

The Vendor: The Company

The Purchaser: Xin Cai Global Holdings Limited (formerly known as China Corporate Assets Holdings Limited)

Assets to be disposed

Subject to the terms and conditions of the Agreement, the Company shall sell and the Purchaser shall acquire (i) the Sale Share, representing the entire issued share capital of the Disposal Company and (ii) the Shareholder's Loan, being the amount owed by the Disposal Company to the Company as at the date of Completion, free from all encumbrances and with all rights attaching thereto after Completion.

As at the date of the Agreement, the Shareholder's Loan is approximately HK\$2,308.9 million (approximately RMB1,936.3 million).

Consideration

The Consideration for the disposal of the Sale Share and the Shareholder's Loan is RMB970.0 million (approximately HK\$1,156.6 million), which was determined with reference to the net liability position of the Disposal Company as at 31 March 2016 of approximately HK\$1,212.1 million, the amount of the Shareholder's Loan as at 31 March 2016 of approximately HK\$2,308.9 million, a preliminary valuation of the property portfolio held by the SPRE Fund as at 31 March 2016, and the general market environment in the PRC property industry. The Consideration will be payable by the Purchaser to the Company in cash upon Completion.

Conditions precedent

Completion is conditional upon the following conditions being satisfied:

- (a) the Shareholders having passed a resolution at a general meeting of the Company approving the Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules;
- (b) all necessary consents, approvals, authorisations, rulings, confirmations and waivers in connection with the Agreement and the transactions contemplated thereunder having been obtained from government and regulatory authorities and on conditions (if imposed) acceptable to the Company; and
- (c) no orders or judgments having been issued or made by any court or government or regulatory authority (whether in Hong Kong, the PRC or other jurisdictions) prior to the Completion, no legal or regulatory requirements remaining to be satisfied, which have the effect of making unlawful or otherwise prohibiting the Agreement and the transactions contemplated thereunder.

None of the above conditions precedent can be waived. As at the date of this announcement, none of the above conditions precedent has been fulfilled. If any of the conditions precedent is not fulfilled on or before 30 June 2016 or such other date as the Company and the Purchaser may agree, the Company and the Purchaser will have no obligation to sell or purchase the Sale Share and the Shareholder's Loan and the Agreement will cease to be of any effect, except for certain clauses relating to, among others, confidentiality and governing law, which shall survive, and for any antecedent breaches of the Agreement.

Completion

Completion shall take place on the fifth Business Days following the fulfilment of all the conditions precedent set out in the Agreement, or such other date as the Company and the Purchaser may agree in writing. Upon Completion, the Company, the Purchaser and the Disposal Company will execute a deed of assignment pursuant to which the Company will assign the Shareholder's Loan to the Purchaser.

Upon Completion, the Disposal Company will cease to be a subsidiary of the Company.

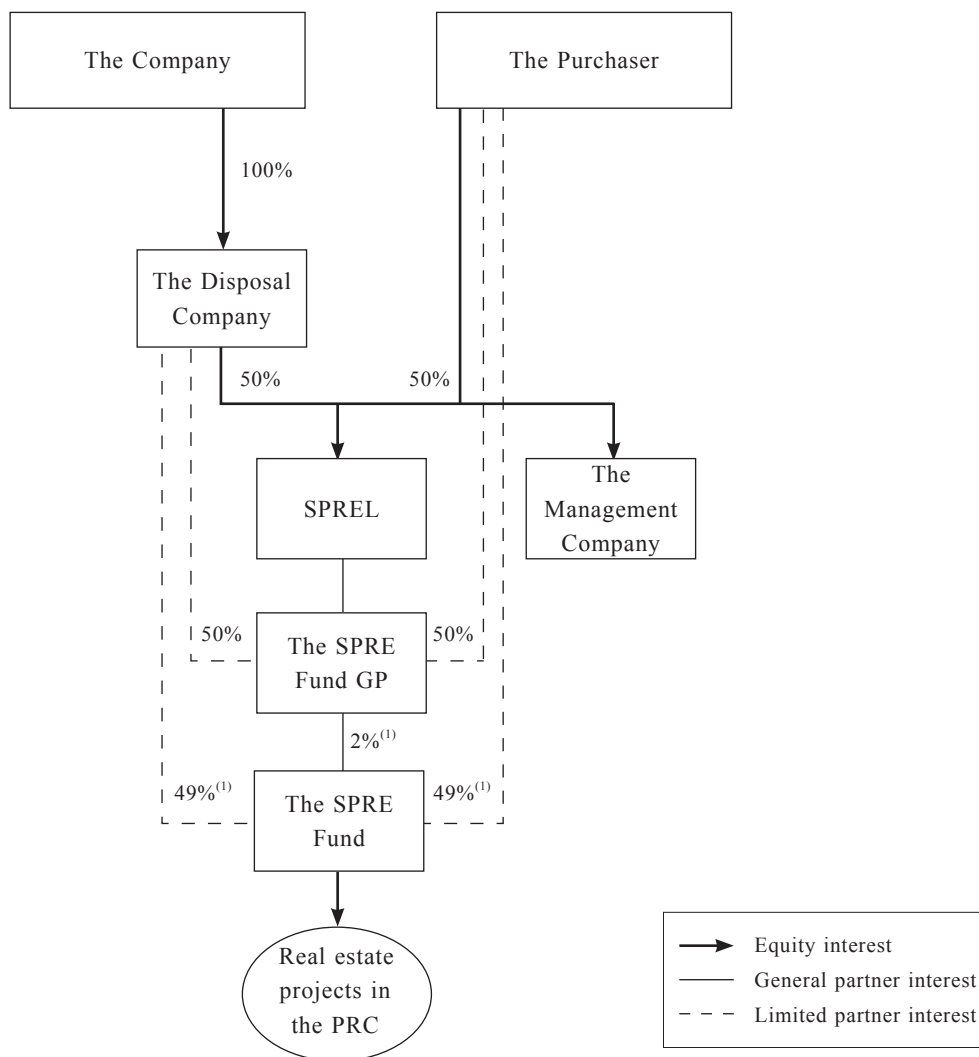
INFORMATION ON THE COMPANY

The Group is principally engaged in property investments, securities and other investments, fund investments, and investment in fund platforms, as follows:

Business segment Details

Property investments	A-grade office premises in Hong Kong with a gross floor area of approximately 16,000 square feet and residential units in New York with a gross floor area of approximately 17,000 square feet, with full occupancy.
Securities and other investments	As at 31 December 2015, investments in listed securities in Hong Kong of approximately HK\$10.6 million and overseas and the PRC of approximately HK\$139.0 million.
Fund investments	Portfolio of interests in investment entities, including real estate and related investments in the US, Europe and/or Australia.
Investment in fund platforms	Two fund platforms, being (i) the Group's 45% membership interest in Gemini-Rosemont Realty LLC, together with membership and limited partnership interests in certain syndicated projects, which is principally engaged in investing in real estate projects in the US, and (ii) the Group's 50% indirect interest in the SPRE Fund, which is principally engaged in investing in real estate projects in the PRC.

Set out below is a simplified shareholding structure chart of the SPRE Fund, as the date of this announcement:



Note 1: Percentage (rounded to the nearest integer) representing capital commitments by the general partner and the limited partners.

INFORMATION ON THE DISPOSAL COMPANY

The Disposal Company's sole activity is its direct holding of a 50% equity interest in two joint venture companies, being (i) SPREL, which is acting as the general partner of the SPRE Fund GP (which is acting as the general partner of the SPRE Fund) and consolidates the financial results of the SPRE Fund, and (ii) the Management Company, which is responsible for evaluating and monitoring the SPRE Fund's investments and providing day-to-day managerial and administrative services to the SPRE Fund.

The SPRE Fund holds property projects mainly in second and third tier cities in the PRC and operates a business in the provision of upfitting and decoration services for property projects.

Properties and a real estate related business held by the SPRE Fund

Set out below are details of properties and a real estate related business held by the SPRE Fund as at date of this announcement:

Name	Description	Attributable interests to the SPRE Fund (%)	Status summary	Estimated completion date
Ocean TIMES (Dalian)	Residential and commercial development located at the opposite of Dalian University, southeast of Dahei Mountain, Dalian Economic and Technological Development Zone, Dalian, the PRC.	100	Gross floor area of the unsold portions of the fully developed portion: 46,386 sq.m.	Completed
Ocean Holiday Manor (Dalian)	Mainly a residential development located at the Golden Stone Beach, Dalian, the PRC. Ocean Holiday Manor (Dalian) is being developed in four phases into a composite development.	100	Gross floor area of the unsold portions of the fully developed portion: 25,296 sq.m.	Completed
			Gross floor area of the portion under-construction: 33,423 sq.m.	In 2016
			Gross floor area of the undeveloped portion: 100,900 sq.m.	To be decided
Grand Canal Milestone (Hangzhou)	Residential development located at the intersection of Jiru Street and Xiaohe Road in Gongshu District, Hangzhou, the PRC.	70	Gross floor area of the unsold portions of the fully developed portion: 134 sq.m.	Completed
			Gross floor area of the portion under-construction: 52,125 sq.m.	In 2017

Ocean Century (Qinhuangdao)	Residential and commercial development located at the Haigang District, Hebei, the PRC.	100	Gross floor area of the unsold portions of the fully developed portion: 191,892 sq.m. (including 94,623 sq.m. of resettlement area which is allocated in nature)	Completed
			Gross floor area of the portion under-construction: 170,206 sq.m.	In 2017
			Gross floor area of the undeveloped portion: 108,494 sq.m.	To be decided
Ocean Chanson Mansion (Shanghai)	Residential development located at the Yanghang Town, Baoshan District, Shanghai, the PRC.	100	Gross floor area of the unsold portions of the fully developed portion: 107,939 sq.m.	Completed
BOND CASTLE and Dreaming Land (Shanghai)	Residential development located at Meilan Lake, Baoshan District, Shanghai, the PRC.	100	Gross floor area of the unsold portions of the fully developed portion: 36,477 sq.m.	Completed
			Gross floor area of the portion under-construction : 27,610 sq.m.	In 2017
Ocean Beach (Zhenjiang)	Residential and commercial development located at the junction of Guantangqiao Road and Guyang Road in Zhenjiang, Jiangsu Province, the PRC.	55	Gross floor area of the unsold portions of the fully developed portion: 156,759 sq.m.	Completed
			Gross floor area of the undeveloped portion: 327,078 sq.m.	To be decided
Ocean Honored Chateau (Qingdao)	Residential development located at the intersection of Yanerdao Road and Quanzhou Road, No. 23 Yanerdao Road, Shinan District, Qingdao, the PRC.	97	Gross floor area of the unsold portions of the fully developed portion: 53,540 sq.m.	Completed
Ocean City (Fushun)	Mainly a residential development located at the junction of Gaoshan Road and Jingyu Street, Shuncheng District, Fushun, the PRC.	83.7	Gross floor area of the unsold portions of the fully developed portion: 3,845 sq.m.	Completed
			Gross floor area of the portion under construction: 717,084 sq.m.	In 2016
			Gross floor area of the undeveloped portion: 301,501 sq.m.	To be decided

Elite Palace (Guangzhou)	Residential and commercial development located at No. 68 Yuan Gang Road in Tianhe District, Guangzhou, the PRC.	35.7	Gross floor area of the portion under-construction: 316,373 sq.m.	In 2018
Sino-Ocean Decoration Engineering Company Limited	Company principally providing upfitting and decoration services to real estate projects.	80	N/A	N/A

Financial information

Set out below are extracts from the unaudited management accounts of the Disposal Company for the two years ended 31 December 2015:

	For the year ended 31 December 2014	For the year ended 31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	—	—
Net loss before taxation	(30,163.3)	(1,014,424.2)
Net loss after taxation	(30,163.3)	(1,014,424.2)

The unaudited net liability position of the Disposal Company as at 31 December 2015 amounted to approximately HK\$1,076.1 million, with total assets and liabilities of approximately HK\$1,232.8 million and HK\$2,308.9 million, respectively, based on the unaudited management accounts of the Disposal Company.

INFORMATION ON THE PURCHASER

The Purchaser is principally engaged in investment holding and is co-owned by a number of investors in the PRC. The senior management of the Purchaser have years of experience in economic research, corporate finance and asset management in the PRC. The Purchaser directly holds a 50% equity interest in each of SPREL and the Management Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and the ultimate beneficial owners of the Purchaser are third parties independent of the Company and its connected persons.

FINANCIAL IMPACT OF THE DISPOSAL ON THE GROUP

Upon Completion, the Company will no longer have any equity interest in the Disposal Company, and it will cease to be a subsidiary of the Company. As SPREL and the Management Company are not considered to be subsidiaries of the Group, their financial results have not been consolidated to the Group's financial statements. The Group's share of profit or loss of the SPRE Fund will cease to be equity accounted for as share of results of joint ventures in the consolidated income statement.

The Company expects to record a loss on the Disposal of approximately HK\$5.3 million, which represents the difference between the Consideration and the sum of (i) the net liabilities of the Disposal Company (including the Shareholder's Loan) as at 31 March 2016, (ii) the estimated transaction costs, and (iii) the estimated cumulative exchange reserve attributable to the Disposal Company released upon the Completion. The actual loss on the Disposal to be recognised by the Group, which will be calculated by reference to the financial position of the Disposal Company at the time of Completion, may be different from the above figure and can only be ascertained following Completion.

Following Completion, the Remaining Group will continue to be principally engaged in all of its four existing business segments of property investments, securities and other investments, fund investments and investment in fund platforms.

BACKGROUND TO, REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal Company has a 50% indirect interest in the SPRE Fund, which invests in projects in the PRC that are in development stage or distressed and special situations, and it had been the Group's expectation to share the development potential to be realised through upgrading and enhancing the quality of the underlying property projects. As disclosed in the annual report of the Company for the financial year ended 31 December 2015, SPREL, acting as the general partner of the SPRE Fund GP (in which the Disposal Company holds a 50% equity interest), which consolidates the financial results of the SPRE Fund, had consolidated total assets of approximately HK\$24,845.3 million and net assets of approximately HK\$2,603.9 million, representing a significant asset base and highly leveraged capital structure. The Group's share of net assets of the SPRE Fund was approximately HK\$1,235.0 million as at 31 December 2015.

During the year ended 31 December 2015, the growth of the PRC economy slowed and it was a sluggish market in the real estate sector in particular. For the first half of the year 2015, the Group recognised a non-cash share of losses of approximately HK\$223.0 million from the SPRE Fund. For the full year 2015, the share of losses from the SPRE Fund significantly increased to approximately HK\$1,012.1 million. This was mainly as a result of depressed selling prices of underlying real estate held by the SPRE Fund, which in turn led to a reduced gross profit margin and an increase in inventory impairment at the SPRE Fund level. Such share of losses wiped out a significant portion of the Group's share of net assets of the SPRE Fund, and led to the substantial widening of the Group's net loss from approximately HK\$144.8 million for the year 2014 to approximately HK\$1,135.2 million for the year 2015, representing the worst performing year in the Group's recent history.

In addition to the above losses, there was an outstanding commitment for the Group to make a further capital contribution to the SPRE Fund of approximately HK\$346.8 million.

It is against the above backdrop that the Company contemplates to dispose of its 50% indirect interest in the SPRE Fund, through the disposal of its entire equity interest in the Disposal Company and the assignment of the Shareholder's Loan extended by the Company to the Disposal Company (i.e. the Disposal), with a view to focus top management resources and monetise its remaining value of the investment for the purpose of seeking other overseas investment opportunities amid a competitive market environment.

Having considered the above, the Directors consider that the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement and other than the Disposal and the disclosures in this announcement, the Company and the Board have no intention, arrangement, understanding nor are in any negotiation (concluded or otherwise) in relation to (i) any disposal, termination or scaling-down of the Company's remaining business; (ii) injection of any other new business into the Group; (iii) any change in the Company's shareholding structure and (iv) the raising of additional funding.

USE OF PROCEEDS

The net proceeds from the Disposal are estimated to be approximately HK\$1,149.6 million, which the Company currently intends to use for future acquisitions or investments in existing business segments of the Group, including potential acquisitions of real estate in the US which are expected to be wholly-owned by the Group. As of the date of this announcement, the Group is exploring the acquisition of a property project in Manhattan, New York, but no definitive agreement has been entered into by the Group in relation to such property project. The Directors believe that the proceeds from the Disposal would enable these overseas investments, which are more attractive compared to the unsatisfactory performance of the Disposal Company, as discussed above.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under the Listing Rules in respect of the Disposal are more than 75%, the Disposal constitutes a very substantial disposal of the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. To the best knowledge, information and belief of the Directors having made all reasonable enquires, no Shareholder has a material interest in the transactions contemplated under the Agreement. No Shareholder will be required to abstain from voting on the resolution(s) to be proposed at the EGM to approve the Disposal contemplated under the Agreement.

A circular containing, among other things, further particulars of the Disposal and other information as required under the Listing Rules, and the notice of EGM to consider and, if thought fit, to approve the resolution(s) relating to the Disposal contemplated under the Agreement will be despatched to the Shareholders on or before 10 June 2016.

GENERAL

Completion is subject to the satisfaction of the conditions precedent in the Agreement and therefore, may or may not take place. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below, unless the context requires otherwise:

“Agreement”	the conditional sale and purchase agreement dated 19 May 2016 entered into between the Purchaser and the Company in relation to the Disposal and the assignment of the Shareholder’s Loan
“associate(s)”	has the same meaning as defined in the Listing Rules
“Board”	the board of the Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong
“Company”	Gemini Investments (Holdings) Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 174)
“Completion”	completion of the Disposal
“Consideration”	the total consideration of RMB970.0 million (approximately HK\$1,156.6 million) for the disposal of the Sale Share and the Shareholder’s Loan pursuant to the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Share and assignment of the Shareholder’s Loan pursuant to the terms and conditions of the Agreement
“Disposal Company”	Chance Bright Limited (機明有限公司), an exempted company incorporated in the Cayman Islands with limited liability, a wholly-owned subsidiary of the Company as at the date of the Agreement

“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Agreement and the Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Company”	Sino Prosperity Real Estate Advisor Limited, a company incorporated in the Cayman Islands with limited liability, in which the Disposal Company holds a 50% equity interest
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excluding the Hong Kong and Macao Special Administrative Regions of the People’s Republic of China and Taiwan
“Purchaser”	Xin Cai Global Holdings Limited (formerly known as China Corporate Assets Holdings Limited), a company incorporated in the British Virgin Islands
“Remaining Group”	the Group immediately after Completion
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	one share of a par value of US\$1.00 of the Disposal Company, representing the entire issued share capital of the Disposal Company as at the date of the Agreement
“Share(s)”	the ordinary share(s) in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shareholder’s Loan”	all amounts owed by the Disposal Company to the Company as at the date of Completion
“SPRE Fund”	Sino Prosperity Real Estate Fund L.P., an exempted limited partnership established on 20 July 2011 and registered under the laws of the Cayman Islands
“SPRE Fund GP”	Sino Prosperity Real Estate (GP), L.P., an exempted limited partnership established and registered under the laws of the Cayman Islands, and acting as the general partner of the SPRE Fund

“SPREL”	Sino Prosperity Real Estate Limited, a company organised and existing under the laws of the Cayman Islands and acting as the general partner of the SPRE Fund GP
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US”	the United States of America, its territories and possessions, any State of the United States and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the US
“%”	per cent

Unless otherwise stated, the conversion of RMB into HK\$ is based on the exchange rate of RMB1 = HK\$1.1924. Such conversion should not be construed as a representation that the amount in question has been, could have been or could be converted at any particular rate or at all.

By order of the Board
Gemini Investments (Holdings) Limited
LAI Kwok Hung, Alex
Executive Director

Hong Kong, 19 May 2016

As at the date of this announcement, the Board comprises the following Directors:

<i>Executive Directors:</i>	<i>Non-executive Directors:</i>	<i>Independent non-executive Directors:</i>
Mr. SUM Pui Ying	Mr. LI Ming	Mr. LAW Tze Lun
Ms. CUI Yueming	Mr. LI Hongbo	Mr. LO Woon Bor, Henry
Mr. LAI Kwok Hung, Alex		Mr. DENG Wei